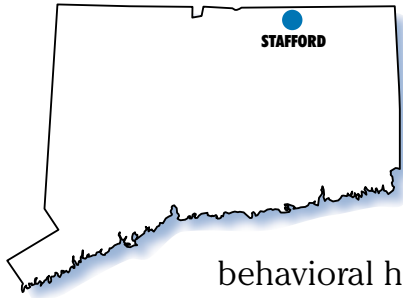


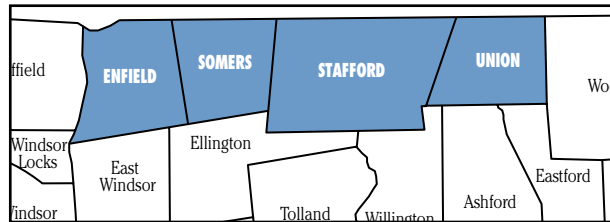
JOHNSON MEMORIAL HOSPITAL

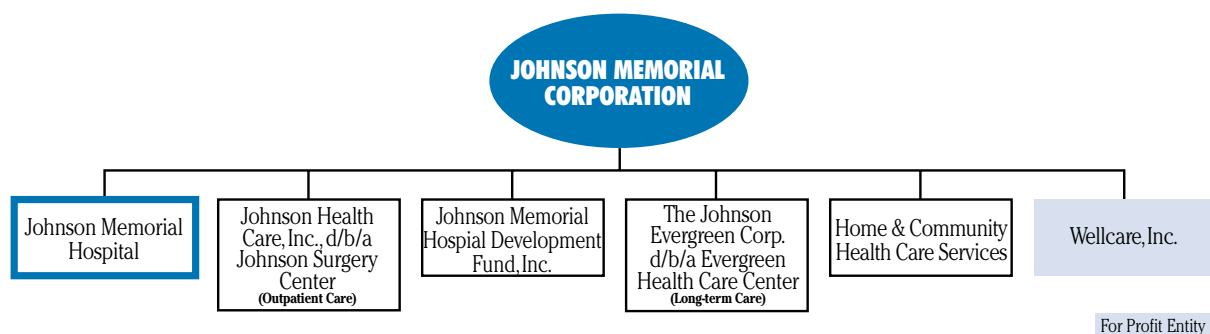
Johnson Memorial Hospital, founded in 1912, is located in Stafford and, in addition to that town, primarily serves three other towns. In FY 1999, it staffed all of its 98 licensed



beds and employed 419 Full Time Equivalents. Its parent corporation also offers home health services and operates a nursing home, an outpatient

behavioral health center, and a women and infants' health center. The hospital's average age of plant is 8.7 years as compared to the U.S. average of 9.2 years.



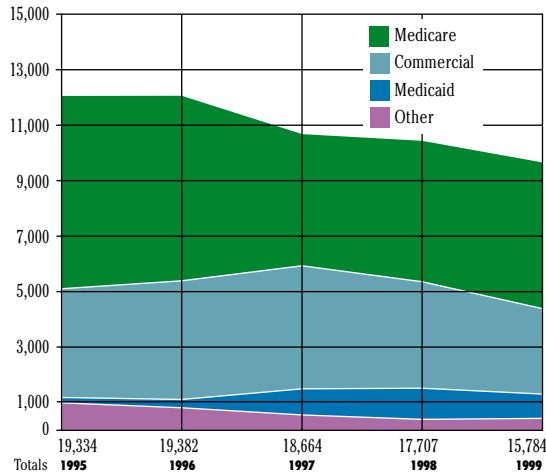
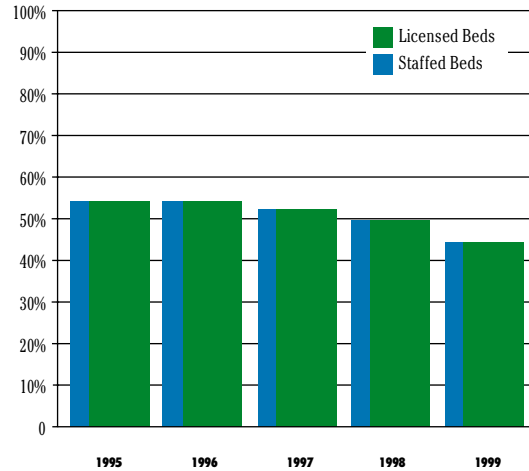
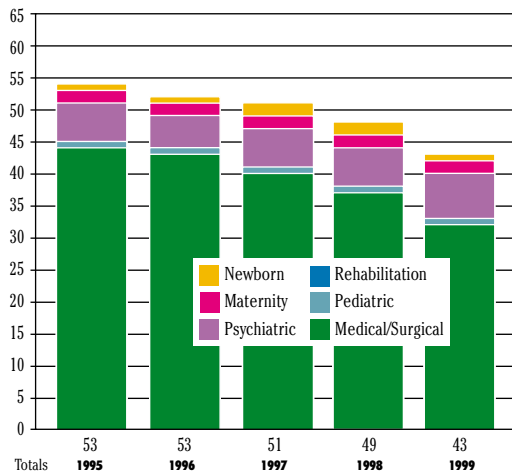
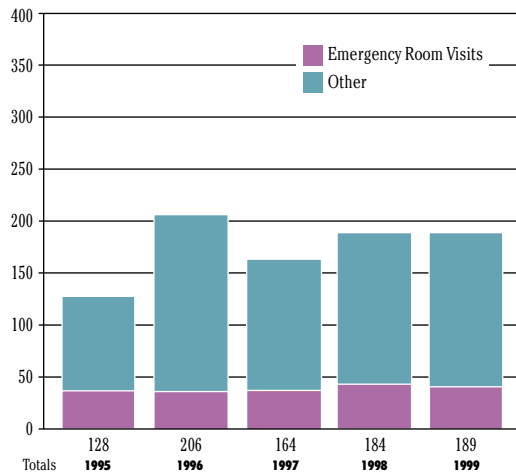
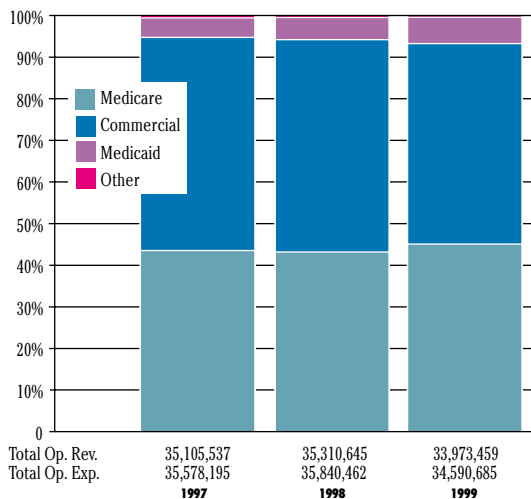


MARGINS	1997	1998	1999
Total margin	0.31%	0.03%	-0.35%
Operating margin	-1.32%	1.48%	-1.79%

PAYMENT TO COST RATIOS BY PAYER			
Ratio of cost to charges	.56	.51	.47
Medicare Payment to Cost	.91	.94	.94
Medicaid Payment to Cost	.81	.81	.99
Private Payment to Cost	1.21	1.19	1.14
Uncompensated Care Cost	\$606,862	\$1,491,555	\$1,710,743
Total expenses	\$35,578,195	\$35,840,462	\$34,590,685
Uncompensated care % of total expenses	1.71%	4.16%	4.95%

CAPITAL STRUCTURE RATIOS			
Equity financing ratio	42.40%	36.35%	34.82%
Debt service coverage			

LIQUIDITY MEASURES			
Days of expenses in accounts payable	94.60	97.04	105.15
Days cash on hand	0.23	0.54	3.99
Days of revenue in accounts receivable	68.33	79.19	75.72

**PATIENT DAYS BY PAYER****AVERAGE OCCUPANCY****AVERAGE DAILY CENSUS BY SERVICE****AVERAGE DAILY OUTPATIENTS****NET PATIENT REVENUE BY PAYER**

KEY PERFORMANCE DRIVERS

- ◆ Inpatient discharges have remained steady at approximately 2,900 annually from 1995 to 1999, with the exception of a slight increase in 1997 to 3,200 discharges. Consistent discharges combined with a shortened length of stay have led average daily census to fall from 53 to 38 during that timeframe.
- ◆ Medicare accounts for approximately 60 percent of patient days. Medicaid days have grown from six to eight percent since 1995, while private payers comprise the remaining 32 percent.
- ◆ The hospital purchased physician practices several years ago, but eventually divested the unprofitable practices.
- ◆ The hospital is in the process of implementing new information technology systems.
- ◆ Johnson's competition comes primarily from St. Francis Hospital and its affiliated physician practices. St. Francis is aggressively establishing practices in Johnson's service area.
- ◆ The nursing shortage has affected access to care, as Johnson has had to divert patients due to a lack of critical care nurses.

SITE VISIT ISSUES RAISED BY HOSPITAL MANAGEMENT

Physician Relations. Communication between the hospital and physicians has historically been poor, as many community physicians felt that the hospital was hiring physicians to compete with them. Johnson Memorial's management is now working hard to improve the relationship.

St. Francis. Johnson Memorial's deteriorating margins put the hospital at a competitive disadvantage against St. Francis. St. Francis, a large tertiary facility, has access to capital that can be used to market services in Johnson's service area.

Hartford Hospital. Johnson Memorial is aligned with Hartford Hospital for programmatic collaboration as well as services for physicians.

Information Systems. One key to success for the hospital will be its ability to integrate services. The new information technology services are designed to help the hospital communicate with the nursing home, home health, and ambulatory sites.